

SUMMARY

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget	Change From Prior Year Modified	Percent Change From Prior Year
<u>Requirements</u>						
Staffing Expenses	1,723,309,722	1,897,422,414	1,910,753,946	1,980,260,445	69,506,499	3.64%
Operating Expenses	2,232,629,165	2,650,015,127	2,716,622,886	2,732,653,518	16,030,632	0.59%
Capital Expenditures	175,270,768	330,462,928	383,045,675	454,551,553	71,505,878	18.67%
Reimbursements	(277,965,985)	(334,355,666)	(353,501,439)	(358,213,950)	(4,712,511)	1.33%
Contingencies	0	126,105,409	43,195,582	36,961,824	(6,233,758)	-14.43%
Subtotal Appropriation	3,853,243,670	4,669,650,212	4,700,116,650	4,846,213,390	146,096,740	3.11%
Operating Transfers Out	376,549,084	429,934,041	500,140,092	493,211,429	(6,928,663)	-1.39%
General Fund Contributions to Reserves	0	68,515,086	168,898,179	62,787,241	(106,110,938)	-62.83%
Non-General Fund Contr. to Reserves/Net Position	0	359,359,025	322,874,076	17,790,962	(305,083,114)	-94.49%
Total Requirements	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
<u>Sources</u>						
Taxes	798,544,354	792,753,688	804,654,853	853,638,531	48,983,678	6.09%
1991 Realignment	263,855,598	272,517,138	274,217,763	293,883,324	19,665,561	7.17%
2011 Realignment	347,597,438	398,381,791	404,084,631	397,162,639	(6,921,992)	-1.71%
State, Federal, or Other Government	1,578,695,362	1,638,865,645	1,675,441,285	1,801,076,712	125,635,427	7.50%
Fee/Rate	922,847,648	950,085,636	954,772,548	969,470,253	14,697,705	1.54%
Other Revenue	188,240,638	121,546,176	125,255,702	137,072,781	11,817,079	9.43%
Operating Transfers In	377,548,877	421,040,321	487,910,193	482,345,092	(5,565,101)	-1.14%
Use of Fund Balance/Unrestricted Net Position*	(190,623,734)	750,236,072	759,758,160	387,276,955	(372,481,205)	-49.03%
General Fund Unassigned Fund Balance*	(56,913,429)	179,109,752	179,109,752	47,972,619	(131,137,133)	-73.22%
Use of General Fund Reserves	0	2,922,144	26,824,110	50,104,116	23,280,006	86.79%
Total Sources	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
Budgeted Staffing**	21,589	21,881	22,109	22,494	385	1.74%

* For 2014-15, the two Fund Balance budget line items represent the actual increase to fund balance/net position.

**2014-15 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.

Note: Beginning in 2016-17 the Housing Authority of the County of San Bernardino has been added to this budget book. Prior years have been restated for comparative purposes.

Overview of 2016-17 Requirements and Sources

As the largest political subdivision of the State, counties are vested by the California State legislature with the powers necessary to provide for the health and welfare of the people within its borders. The \$5.4 billion 2016-17 Recommended Budget reflects the planned allocation of resources necessary to carry out this mission for the citizens of San Bernardino County. This budget has been developed in accordance with the Countywide Vision which promotes a sustainable system of high-quality education, community health, public safety, housing, retail, recreation, arts and culture, and infrastructure. The County's 22,494 budgeted positions are responsible for a wide variety of services to residents, from responding to calls for help in emergencies (Sheriff and Fire Department) to giving businesses the tools they need to succeed (Economic Development Agency) to providing a home for children in need (Human Services – Subsistence). The following budget is recommended in order to continue to provide the County's many important services in a fiscally responsible and sustainable manner.

Total Requirements of \$5.4 billion consist primarily of Staffing and Operating Expenses, which represent 81.6% (\$4.7 billion) of Total Requirements (excluding the effect of reimbursements). Staffing Expenses of \$2.0 billion consist of salaries of \$1.3 billion and benefit costs of \$730.2 million. Departments with significant budgeted staffing expenses include the Sheriff/Coroner/Public Administrator (\$446.7 million, 3,747 positions), Human Services Administrative Claim (\$345.6 million, 4,806 positions), and Arrowhead Regional Medical Center (\$263.7



million, 3,772 positions). The largest benefit related cost for the County is employee pensions (retirement), which makes up 58.4% (\$426.3 million) of all costs associated with employee benefits. The increase in staffing costs of \$69.5 million is largely due to increased costs of \$31.3 million for 139 additional staff for the Fire Protection District as a result of the assumption of fire protection services from the Cities of San Bernardino and Twentynine Palms. Other increases in staffing include \$10.0 million for the Arrowhead Regional Medical Center (80 positions) and \$8.5 million in the Law and Justice Departments (80 positions). The Human Services Group is also increasing staffing expenses by \$11.2 million while adding a net 13 positions due to position changes across multiple departments.

Operating Expenses in the County include costs for services and supplies, internal service fund charges, travel, transfers to the other County departments, and other charges. These expenses represent the largest share of costs within the County at \$2.7 billion, which is primarily a result of the State giving the County the responsibility for administration of Human Services programs. Many of these programs provide subsistence payments to help residents in need throughout the County and as a result, the Human Services operational group makes up almost half (46%) of the County's operating expenses. In 2016-17 Operating Expenses are increasing by \$16.0 million which is primarily associated with increases in Human Services (\$63.5 million) and Administration (\$14.6) million but is offset by decreases in Operations and Community Services (\$34.3 million), and the Flood Control District (\$21.7 million).

Total Requirements of \$5.4 billion are decreasing from the 2015-16 Modified Budget by \$272.0 million, or 4.78%. This decrease is primarily associated with a decrease in Contributions to Reserves/net position in the General Fund, and Special Revenue, Enterprise and Internal Service Funds. For the non-general funds, the 2015-16 budget included a change in the treatment of amounts not planned to be spent during the fiscal year. Instead of budgeting these amounts in contingencies, these amounts are now contributed to reserves/net position. As a result, the 2015-16 contribution to reserves/net position for the non-general funds included all amounts accumulated over multiple years, that were not budgeted for use in the 2015-16 fiscal year. In 2016-17 the contribution amount only represents the excess of sources over requirements, where they occur, for 2016-17. General fund reserve contributions are decreasing due to Contributions to Reserves made in the 2015-16 first quarter budget report, primarily funded with additional monies made available from 2015-16 final results of operations.

Total Requirements includes Contingencies and Contributions to Reserves (General Fund and Non General Fund). Like Contingencies, Contributions to Reserves represent Sources that are not planned to be spent in the coming fiscal year. Beginning in 2015-16, governmental funds other than the general fund eliminated the use of Contingencies, which represented Sources in excess of Requirements. Instead amounts that are available but not budgeted to be spent, are contributed to reserves. Excluding Contingencies and Contributions to Reserves, the total budget available for expenditure in 2016-17 is \$5.3 billion (including Operating Transfers Out). Further detail on General Fund Contingencies and Reserves can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary.

New for 2016-17 is the inclusion of the budget for the Housing Authority of the County of San Bernardino (HACSB) into this budget book. Total Requirements for HACSB included in the 2016-17 Recommended Budget are \$309.4 million (including Operating Transfers Out and Contributions to Reserves). Prior years have been restated to include HACSB Requirements for comparative purposes. Further detail on HACSB is included in the Other Agencies section of this budget book.

The three major funding sources of the County include revenue from other governmental entities (State, Federal or Other Government), funding for direct services provided (Fee/Rate), and taxes. At \$1.8 billion, State, Federal or Other Government Revenue represents 31.2% of the County budget (including the effects of reimbursements). The Human Services operational group receives the largest amount of funds from other governments, with \$410.8 million received from the State and \$650.8 million received from the federal government. Fee/Rate revenue of \$969.5 million represents 16.8% of the County budget and includes funding from licenses, permits, fines, fees, rates, and other charges for direct services provided by the County. Much of this funding (\$213.0 million) is received by departments, such as the Fleet, Information Services and Risk Management Departments, that provide direct services to other County Departments. Other notable departments that receive funding to provide



specific services include the Sheriff's Department (\$137.6 million), which provides law enforcement services for 14 incorporated county cities, and the Public Work's Solid Waste Division (\$70.7 million) that is responsible for the operation and management of the County solid waste disposal system.

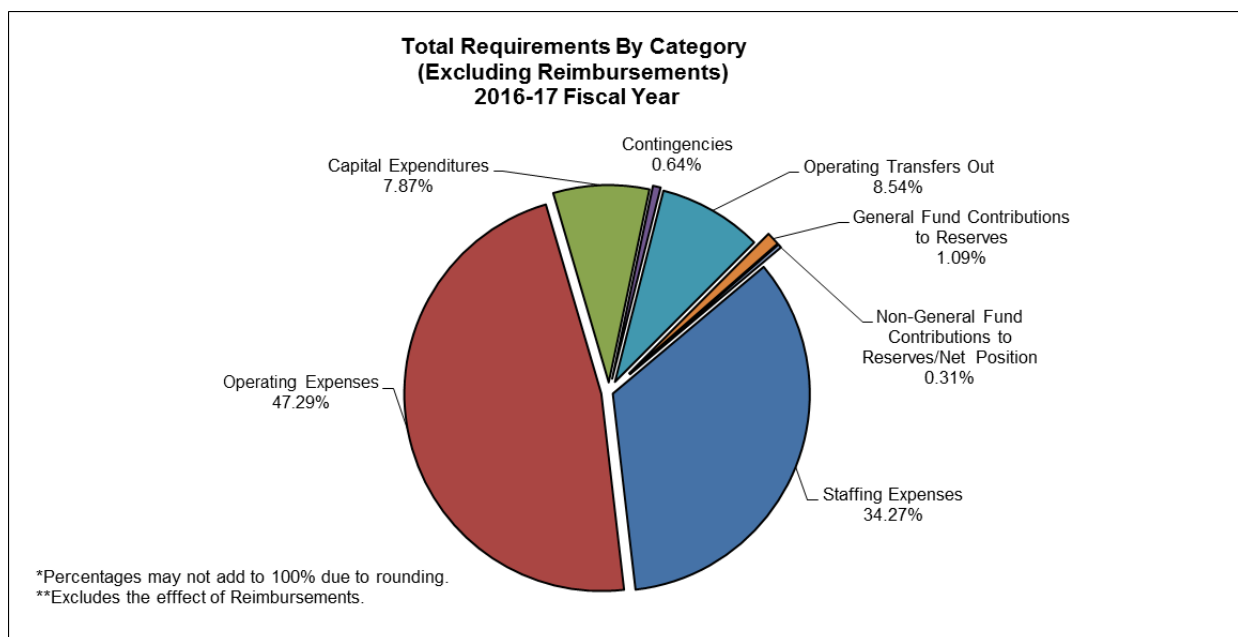
While historically it has been assumed that counties are reliant on relatively stable property taxes for the provision of services, with the realignment of many state services, counties have become increasingly dependent on sales tax revenue. When combining 1991 and 2011 Realignment revenues, which are primarily funded with sales tax (\$691.0 million), with County sales tax (\$22.7 million) and Proposition 172 Half Cent Sales taxes (\$169.1 million), the portion of requirements funded primarily with sales tax represents 15.3% of the County budget. While sales taxes are projected to experience a modest increase in 2016-17, they tend to be much more volatile and quicker to react to changes in the economy, resulting in a higher risk of funding losses in future years.

The County recognizes that a recession is likely to commence in the very near future, as the current economic expansion will be at 7 years at the end of June 2016 and is the 4th longest in the history of the United States. In a stable conservative fashion, rather than attempting to time the economic cycles, the County has taken the approach of budgeting revenue growth conservatively.

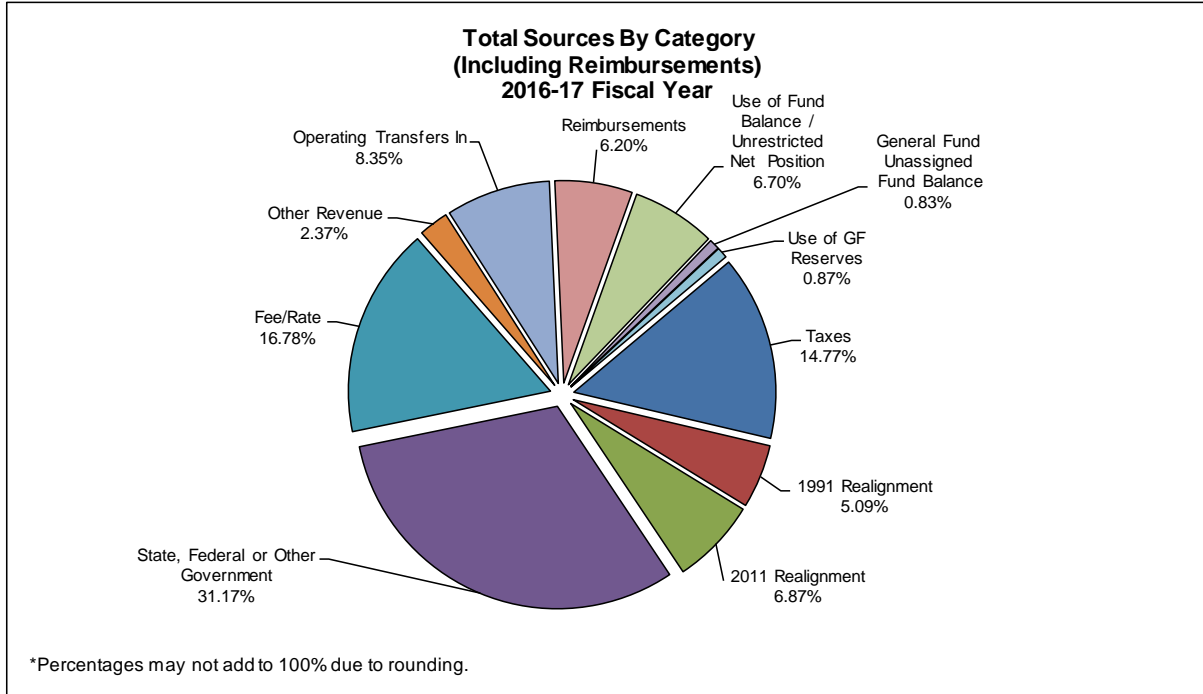
The County's approach to increasing County reserves reflects a fiscally conservative recognition of the resource shift from historically stable to risky tax sources. In 2015-16, the County contributed a total of \$491.8 million between General Fund (\$168.9 million) and Non-General Fund (\$322.9 million) reserves and is budgeted to contribute \$62.8 and \$17.8 million in 2016-17, respectively. Further detail on County General Fund Reserves can be found in the Discretionary General Funding and Restricted Funds section of the Executive Summary. Information regarding Non-General Fund Reserves can be found on Budget Unit Specific pages within the budget book.

REQUIREMENTS AND SOURCES BY CATEGORY

Total Requirements (excluding the effect of Reimbursements) include approved expenditure appropriation for adoption by the Board of Supervisors, Operating Transfers Out, and Contributions to Reserves/Net Position for the County General Fund and for non-general fund departments. Operating Transfers Out provide a mechanism to transfer funding between budget units and are not appropriated to spend.



Total Sources (including the effect of Reimbursements) include projected revenue and Operating Transfers In, which provide a mechanism to transfer funding from one budget unit to another within the County. Additionally, Sources include the use of fund balance/unrestricted net position for all non-general funds, the general fund available unassigned fund balance, and the use of General Fund reserves.



REQUIREMENTS SUMMARY

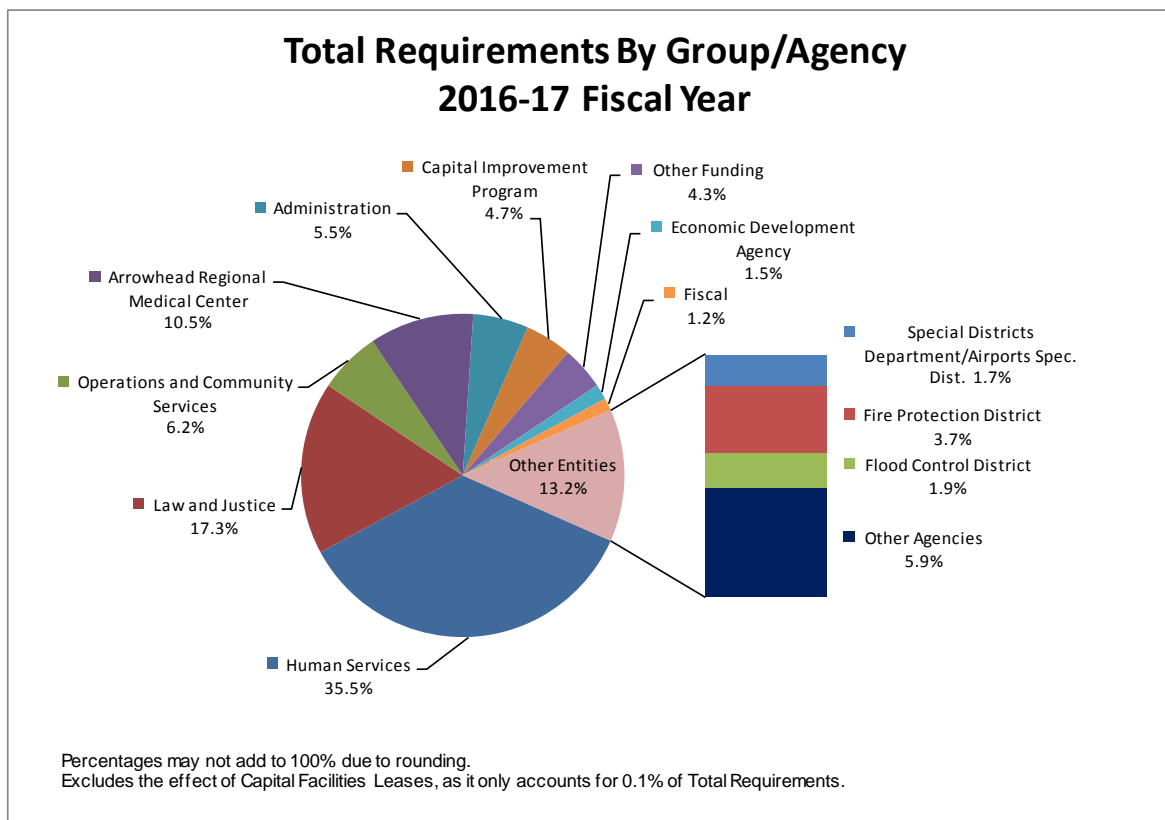
The 2016-17 Recommended Budget includes Requirements of \$5.4 billion, which is a net decrease of \$272.0 million or 4.78% compared to the 2015-16 Modified Budget.

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget**	Change From Prior Year Modified	Percent Change From Prior Year
County:						
Administration	222,427,527	291,462,469	296,698,425	300,327,021	3,628,596	1.22%
Capital Facilities Leases	13,297,988	12,940,810	12,940,810	7,240,810	(5,700,000)	-44.05%
Economic Development Agency	43,968,241	91,323,492	92,469,725	83,381,147	(9,088,578)	-9.83%
Fiscal	59,281,433	78,243,609	78,758,189	67,579,061	(11,179,128)	-14.19%
Arrowhead Regional Medical Center	506,251,949	529,808,838	537,345,769	565,652,411	28,306,642	5.27%
Human Services	1,570,035,135	1,896,338,489	1,912,597,331	1,920,819,388	8,222,057	0.43%
Law and Justice	837,870,934	930,293,104	959,576,888	935,254,824	(24,322,064)	-2.53%
Operations and Community Services	264,223,524	405,372,538	415,598,018	335,641,892	(79,956,126)	-19.24%
Capital Improvement Program	114,451,717	183,148,204	218,943,169	253,156,863	34,213,694	15.63%
Other Funding	81,032,484	314,155,802	358,659,156	234,178,463	(124,480,693)	-34.71%
Subtotal:	3,712,840,932	4,733,087,355	4,883,587,480	4,703,231,880	(180,355,600)	-3.69%
Special Districts/Other Agencies:						
Special Districts Department/Airports Spec. Dist.	43,346,775	129,142,965	133,804,312	93,223,488	(40,580,824)	-30.33%
Fire Protection District	137,065,263	196,035,176	202,837,041	198,240,109	(4,596,932)	-2.27%
Flood Control District	52,765,847	176,049,767	177,979,414	103,847,885	(74,131,529)	-41.65%
Other Agencies	283,773,937	293,143,101	293,820,750	321,459,660	27,638,910	9.41%
Subtotal:	516,951,822	794,371,009	808,441,517	716,771,142	(91,670,375)	-11.34%
Total:	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
Budgeted Staffing*	21,589	21,881	22,109	22,494	385	1.74%

* 2014-15 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.

** Requirements include contributions to Available Reserves and Net Position.





Below are explanations of the major expenditures that are included in the \$5.4 billion 2016-17 Recommended Budget and changes from the 2015-16 Modified Budget. It should be noted that Requirements discussed in this section include Contributions to Reserves/Net Position. As a result, the Total Requirements included in this section may not align with the Total Requirements discussed on Budget Unit Specific pages.

County Operations

Administration has Requirements of \$300.3 million and contains County departments and functions that provide leadership and support to departments that provide direct public services to County residents. The leadership section of this operational group includes the Board of Supervisors (\$7.7 million), which is the governing body of County government, and the County Administrative Office (\$5.1 million), which directs and coordinates departmental activities according to the law and strategic goals set by the Board of Supervisors. Various support functions include civil legal services provided by County Counsel (\$9.7 million), employment and employee related services provided by Human Resources (\$18.1 million), and information technology support provided by the Information Services Department (\$88.3 million). The largest department in the Administration operational group is the Department of Risk Management, which has Requirements of \$106.3 million and administers the County self-insured workers' compensation, public liability, property conservation, safety and risk reduction programs as well as its insured programs.

Overall, the change in budget from the 2015-16 Modified Budget for this operational group is \$3.6 million, which represents a 1.2% increase in Requirements. The most notable change in the Administration group is a \$5.2 million increase across the Information Services Department budget units. This increase improves county government operations by funding increased operating expenses while also providing for additional staffing for server management and fiscal administration.

Capital Facilities Leases has Requirements of \$7.2 million which is a \$5.7 million decrease from the prior year. This budget unit funds the cost of long-term capital lease payments for the major County facilities financed by the



General Fund. Requirements are decreasing as the result of the elimination of the lease payment for the 2002 Justice Center/Airport Improvements financing that matures on July 1, 2016. The final facility financed by the General Fund is the West Valley Detention Center.

Economic Development Agency has Requirements of \$83.4 million and provides services that seek to create, maintain, and grow the economic value of the County. Such services include small business assistance and technical support, permitting assistance, and business site selection assistance. Notable departmental Requirements include \$55.5 million for Community Development and Housing (CDH) services which includes \$17.7 million for infrastructure improvements in the areas surrounding San Sevine and Cedar Glen communities and \$29.4 million for low-moderate income housing assistance. In addition, the Department of Workforce Development (\$24.4 million), which is funded by federal Workforce Innovation and Opportunity Act revenue, includes \$15.4 million in direct services to job seekers and business customers, including vocational training, On-the-Job training, supportive services, business consulting, and workshops.

The net reduction in Requirements of \$9.1 million is primarily due to a decrease of \$4.8 million in CDH as the result of projects completed in 2015-16, and an increase in reimbursements of \$2.1 million in Workforce Development from the Human Services Transitional Assistance Department to provide low-income adults with paid work experience.

Fiscal has Requirements of \$67.6 million and includes the Auditor-Controller/Treasurer/Tax Collector (\$39.5 million) and the Assessor/Recorder/County Clerk (\$28.1 million). These departments provide services to the public and other County departments related to the establishment and collection of County property taxes along with other fiscal services that ensure the proper reporting and usage of taxpayer funds. Notable Requirements in the Auditor-Controller/Treasurer/Tax Collector include \$25.5 million for staffing expenses to provide accounting, auditing, collections, and investment services to County departments and constituents. The Assessor/Recorder/County Clerk includes \$18.4 million in staffing expenses to perform mandated assessment of properties, recording of real estate and other documents, and County clerk functions.

Total Requirements in this group are decreasing \$11.2 million (14.2%) and are primarily associated with a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Arrowhead Regional Medical Center (ARMC) has Requirements of \$565.7 million and provides medical services to County residents. ARMC is an acute care facility that provides a full range of inpatient and outpatient services, has three off campus community health centers, and provides Department of Behavioral Health's inpatient activities and numerous specialty activities. For 2016-17, ARMC will focus on the next steps of healthcare transformation brought about by the renewal of the State of California's Section 1115 Waiver by the Centers for Medicare and Medicaid Services.

ARMC is increasing Requirements by \$28.3 million, which represents a 5.3% increase over the prior year. This includes a \$10 million increase in staffing expenses which is primarily the result of a continued focus on patient care and patient care volume through the addition of 80 positions to support the addition of 12 beds in the behavioral health unit, increased staffing in the sterile processing unit, and positions tied to achieving funding from the renewed Waiver. Also included in the increase is a \$13.2 million increase in Capital Expenditures related to the funding of numerous capital improvement projects including the installation of a Multipurpose Angio Unit that will provide versatility in the types of procedures performed from simple x-rays to complex angiography.

Human Services is the largest operational group within the County with Requirements totaling \$1.9 billion. This group provides health and social service programs to County residents through a number of County departments. Health services are provided primarily through the Department of Behavioral Health (\$446.9 million) and Public Health (\$108.5 million). Social services are provided primarily through Human Services (\$1.1 billion) including the Human Services Administrative Claim budget unit (\$564.0 million), the Human Service Subsistence Payments budget units (\$548.5 million) and the Wraparound Reinvestment Fund budget unit (\$11.6 million). Additional social services are provided by the Preschool Services Department (\$50.7 million), Child Support Services



Department (\$39.9 million), and the Aging and Adult Services Department (\$9.5 million). Notable Requirements in the Human Services group include \$1.3 billion in Operating Expenses of which \$549.4 million are in the Human Services Subsistence funds and represent either direct payments to welfare recipients or payments to organizations that provide services to the welfare recipients.

Human Services is increasing Requirements by a net \$8.2 million which primarily includes increases of \$63.5 million in Operating Expenses, \$20.2 million in Operating Transfers Out and \$11.2 million in Staffing Expenses that are largely offset by decreases in Contributions to Reserves of \$78.6. Changes in Operating Expenses are primarily the result of increases in the Department of Behavioral Health which include an increase of \$60.8 million to fund increases to service provider contracts for inpatient hospitalization, indigent hospital care, foster family services, general mental health services, and services for children, youth, and families. Increases in Operating Transfers Out are primarily due to the construction of facilities for the Department of Behavioral Health (\$40.6 million) and are offset by a decrease in the Master Settlement Agreement fund due to the elimination of a one-time transfer of funds in the prior year (\$18.3 million), which was contributed to the ARMC Jail Ward Reserve. The net increase in staffing expenses within this operational group (\$11.2 million) is primarily the result of the addition of a net 13 positions across all programs and increases in costs associated with negotiated salary and benefit changes.

Law and Justice has Requirements of \$935.3 million and provides public safety services to County residents. The Sheriff/Coroner/Public Administrator (total - \$605.5 million) provides law enforcement services for the unincorporated areas of the County and certain services on a countywide basis through its Operations budget unit (\$240.7 million). Another primary function of the Sheriff's Department is to provide Detention facilities (\$206.4 million) for all of the County pre-sentenced inmates as well as sentenced inmates no longer required to go to State prison. This is the result of the realignment of services by the State for adult offenders (2011 Realignment). The Sheriff's Department also provides law enforcement services to 14 county cities through contractual agreements (\$137.6 million). The Probation Department (\$168.5 million) provides supervision of adult and juvenile probationers throughout the County as well as for recently realigned State parolees (2011 Realignment). The District Attorney's Office (\$81.8 million) is responsible for prosecuting crimes committed within the County, and the Public Defender (\$38.5 million) provides mandated representation to indigent adult clients in felony, misdemeanor, and mental health civil commitment cases, as well as to clients facing probation, parole, or post-community supervision release violations.

Requirements are decreasing by a net \$24.3 million in this operational group primarily due to increases in Staffing Expenses and Capital Expenditures that are offset by decreases in Operating Transfers Out and Contributions to Reserves.

Staffing Expenses are increasing by \$8.5 million as follows:

- \$6.4 million between the Sheriff's Operations budget (\$4.9 million) and the Detentions budget (\$1.5 million) will fund a combination of new positions, increased retirement costs and negotiated salary increases.
- \$2.1 million in the District Attorney's Criminal Prosecution budget will fund a combination of negotiated salary increases and new positions (\$2.1 million).

Capital Expenditures are increasing by \$9.3 million and are primarily due to increases in the Sheriff's Operations budget unit to purchase two replacement patrol helicopters. These increases are offset by decreases in Operating Transfer Out as follows:

- \$7.5 million between Probation's general fund budget unit (\$3.5 million) and the SB 678 special revenue fund (\$4.0 million) which are due to one-time projects funded in 2015-16.
- \$4.2 million in the Sheriff's Operations budget due to the completion of capital improvement projects in 2015-16.

The remainder of the decrease in this group reflects a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.



Operations and Community Services has Requirements of \$335.6 million and provides both internal support of County operations as well as external services to the public that promote the quality of life and well-being of County residents. Services that support the general operation of County government include custodial, grounds, and maintenance by Real Estate Services - Facilities Management Division (\$17.3 million), the payment of County utilities (\$19.6 million), Real Estate Services (\$1.3 million) and the Chino Agricultural Preserve (\$2.6 million). Departments that provide direct services to the community include Agriculture/Weights and Measures (\$7.4 million), the County Library (\$18.0 million), Land Use Services (\$23.3 million), Registrar of Voters (\$9.6 million), Regional Parks (\$14.7 million), and the County Museum (\$3.9 million). Notably, this group also includes the Department of Public Works – Transportation (\$115.5 million) and Public Works – Solid Waste Management (\$85.1 million). The Transportation Division is responsible for the operation, maintenance, and improvement of the County's road system that currently includes approximately 2,550 miles of roadway. Solid Waste Management is responsible for the operation and management of the County solid waste disposal system, which consists of six regional landfills, nine transfer stations, and thirty-three closed landfills or disposal sites.

The net decrease in Requirements is \$80.0 million, which represents a 19.2% decrease from the 2015-16 Modified Budget. Reimbursements are decreasing by a total of \$13.9 million primarily due to the reduction of projects in the Public Works Transportation funds that are funded through reimbursements. Operating expenses are decreasing by \$34.3 million which includes the following notable decreases:

- \$2.2 million decrease in Land Use – Planning primarily due to a reduction in the use of one-time funding for the Countywide Plan project.
- \$18.6 million decrease in Public Works – Transportation due to reductions in projects funded by Measure I, Facilities, and Regional Development Mitigation plans funding.
- \$9.1 million decrease in the Solid Waste Management Division due to a decrease of import tonnage and a negative cost of living adjustment for contracted operations rates.

Lastly, the remainder of the decrease in this group reflects a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Capital Improvement Program has Requirements of \$253.2 million and is used to account for funding resources designated for the acquisition or construction of major capital facilities. The increase in Requirements is due to an increase in new projects funded in 2016-17. Notably, this includes the construction of two Crisis Stabilization Centers and four Crisis Residential Treatment Centers for the Department of Behavioral Health (\$36.5 million), additional funding for the design of the ARMC Jail Ward Project (\$2.5 million) and increased funding for the Sheriff's consolidation project (\$4.5 million). Further detail on major capital projects for 2016-17 are shown in the Capital Improvement Program section of this budget summary and in the CIP section of this budget book.

Other Funding of \$234.2 million primarily represents the Countywide Discretionary Fund (\$110.4 million), General Fund Contingencies (\$10.2 million), and various restricted funds within the General Fund including contingencies within the Proposition 172 Half-Cent Sales tax budget unit (\$26.8 million), 1991 Realignment (\$10.6 million), and the Automated Systems Development Fund (\$11.9 million). Other Funding also includes Contribution to Reserves of \$62.8 million. Requirements within the Countywide Discretionary Fund are used primarily to transfer Discretionary General Funding to various budget units outside the General Fund to fund various programs and projects, such as a multi-year 800 MHz upgrade project (\$17.9 million), and numerous non-major capital improvement projects for County facilities (\$12.0 million).

Restricted Funds (General Fund) consist of four limited use budgets – Proposition 172 Half-Cent Sales tax, 1991 Realignment, 2011 Realignment, and Automated Systems Development. Proposition 172 revenue assists in funding the Sheriff/Coroner/Public Administrator, District Attorney, and Probation departments. Realignment assists in funding realigned law and justice, mental health, social services and health programs within the County. Automated Systems Development is funding that is set aside for the purpose of developing, upgrading, and/or replacing the County Financial Accounting System. Further detail on all Restricted Funds can be found in the Discretionary General Funding and Restricted Funds section of this budget document.



The net decrease to Other Funding of \$124.5 million primarily represents decreases to General Fund Contingencies (\$6.2 million) and General Fund Contributions to Reserves (\$106.1 million). Contingencies represent funding available from 2016-17 Sources that have not been allocated for expenditure. Further detail on County Contingencies and Reserves can be found in the Discretionary General Funding and Restricted Funds section of this budget document.

Special Districts/Other Agencies Operations

Special Districts Department/Airports Special District has Requirements of \$93.2 million and is managed primarily by the Special Districts Department (\$88.7 million) with \$4.5 million in Requirements managed by County Airports. Airports manages County Service Area 60, which funds the operation, capital projects and maintenance of the Apple Valley Airport that was built in 1970 and is a public use airport providing general aviation services to the High Desert region.

The Special Districts Department provides for the management, and maintenance of general, parks and recreation, road, sanitation, streetlighting, and water districts for 101 Districts, County Services Areas (CSA) and Improvement Zones within the County. On December 29, 1969 the Board of Supervisors established CSA 70 Countywide to provide a centralized mechanism for administration of personnel and operations which serve all of the Board Governed CSAs. Staff within CSA 70 Countywide provide centralized and regional management services, administration, engineering, fiscal, human resources, lien administration, park maintenance, payroll, information services, road maintenance and inspection services.

Overall Requirements across Special Districts are decreasing by \$40.6 million. Requirements budgeted to fund expenses in 2016-17 are decreasing slightly from the prior year due to the completion of projects throughout various districts. However the major change in Requirements is due to a decrease in Contributions to Reserves as compared to the prior year. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Fire Protection District has Requirements of \$198.2 million and provides fire protection and emergency services throughout the County. The District encompasses approximately 16,585 square miles, operates over 70 fire stations and 11 facilities within four Regional Service Zones (Mountain, North Desert, South Desert and Valley) and serves more than 60 unincorporated communities, the City of San Bernardino, City of Twentynine Palms, City of Grand Terrace, and the Town of Yucca Valley. Additionally, County Fire provides fire protection services through contracts to five cities, which include Adelanto, Needles, Victorville, Hesperia, and Fontana's independent fire protection district.

Requirements are decreasing by \$4.6 million which is primarily due to an increase in staffing expenses as a result of the annexation of fire protection services from the Cities of San Bernardino and Twentynine Palms. This increase is offset by reductions in Operating Transfers Out (\$10.4 million) which reflect a decreased use of reserve funding, and a decreases in Contributions to Reserves. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.

Flood Control District was created in 1939 under special State legislation and has Requirements of \$103.8 million. The District has developed an extensive system of flood control and water conservation facilities, including dams, conservation basins, debris basins, channels and storm drains. The purpose of these facilities is to intercept and convey flood flows through and away from developed areas of the County, as well as to promote water conservation and improved water quality.

The net decrease of \$74.1 million is primarily due to reductions of \$21.7 million in Operating Expenses which includes a contribution of one-time funds to the refunding of the District's Judgement Obligation Bonds and professional services for construction projects. The remainder of the decrease in this group reflects a decrease in Contributions to Reserves. 2015-16 was the first year amounts not planned to be spent were contributed to reserves and as a result the 2015-16 contribution to reserves represented amounts accumulated over multiple years.



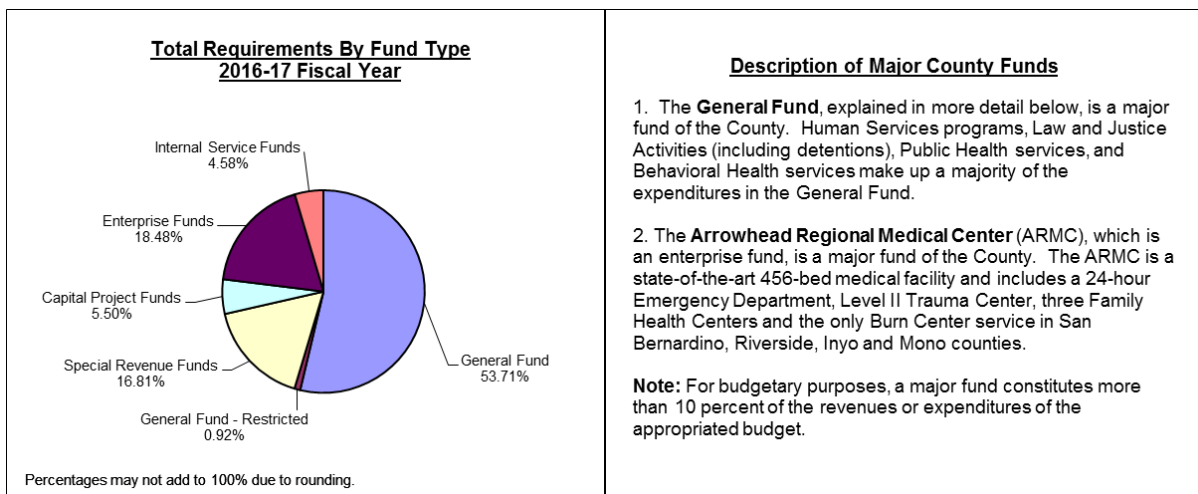
Other Agencies has total Requirements of \$321.5 million and contains five Other Agency budget reporting entities in the County, including the Housing Authority of the County of San Bernardino (\$309.4 million), In-Home Supportive Services Public Authority (\$7.8 million), Inland Counties Emergency Medical Agency (\$4.1 million), County Industrial Development Authority (\$56,616), and Economic and Community Development Corporation (\$43 dollars). The Housing Authority of the County of San Bernardino (HACSB) is a critical economic partner of the County providing vital resources, skills, and motivation to individuals and families to help them transition out of government-assisted programs and into economic independence. The In-Home Supportive Services (IHSS) program was created in 1973 to serve elderly, blind, and/or disabled individuals who are not able to remain safely in their home without assistance. The Inland Counties Emergency Medical Agency (ICEMA) was developed under a Joint Powers Agreement with San Bernardino, Inyo and Mono Counties and is charged with the coordination, evaluation, and monitoring of emergency medical services within public and private pre-hospital providers, specialty hospitals, paramedic base hospitals, and the effectiveness of Emergency Medical Services (EMS) educational programs and medical disaster preparedness. The County Industrial Development Authority and Economic and Community Development Corporation are agencies created to provide various methods of financing on behalf of private enterprise in order to promote and enhance economic development and increase opportunities for useful employment.

Requirements are increasing by 9.4% associated with an increase in HACSB, primarily due to the increase of Sources available to fund the Capital Fund Program and the Housing Choice Voucher program.

TOTAL REQUIREMENTS BY FUND TYPE

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget**	Change From Prior Year	Percent Change From Prior Year
General Fund	2,456,969,616	2,892,796,649	2,984,337,333	2,911,106,323	(73,231,010)	-2.45%
General Fund - Restricted	771,213	49,256,709	49,256,709	49,675,850	419,141	0.85%
Special Revenue Funds	589,260,122	1,151,526,320	1,169,616,041	911,260,027	(258,356,014)	-22.09%
Capital Project Funds	127,718,157	221,295,580	257,647,446	298,370,365	40,722,919	15.81%
Enterprise Funds	878,428,608	972,148,505	984,877,882	1,001,375,151	16,497,269	1.68%
Internal Service Funds	176,639,785	238,826,536	244,685,521	248,210,306	3,524,785	1.44%
Permanent Funds	5,252	1,608,065	1,608,065	5,000	(1,603,065)	-99.69%
Total	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%
Budgeted Staffing*	21,589	21,881	22,109	22,494	385	1.74%

*2014-15 Budgeted Staffing reflects the Final Budget amounts, as actuals for staffing vary throughout the fiscal year.



Governmental Fund Types

General Fund: The General Fund is used to account for resources traditionally associated with government, which are not required legally or by sound financial management to be accounted for in another fund. The General Fund is the County's primary operating fund and Requirements are separated into General Fund and General Fund – Restricted. Funds included in the General Fund category are those that the Board of Supervisors predominately have oversight on the Sources and Requirements, including units that are typically mandated in nature, such as human services programs. General Fund – Restricted Funds consists of Prop 172, 1991 and 2011 Realignment, and Automated Systems Development.

Special Revenue Funds: Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (other than for major capital projects).

Capital Project Funds: Capital Project Funds account for financial resources designated for the acquisition or construction of major capital facilities other than those funded by Enterprise and Internal Service Funds.

Permanent Funds: Permanent Funds account for legally restricted resources provided by trust in which the earnings but not the principal may be used for purposes that support the primary government's programs.

Proprietary Fund Types

Enterprise Funds: Enterprise Funds account for operations that are funded and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be funded or recovered primarily through user charges.

Internal Service Funds: Internal Service Funds account for the funding of goods or services provided by one department or agency to other departments or agencies of the governmental unit on a cost reimbursement basis.



The matrix below lists the group/agency as depicted in the organizational chart of the County. For each group/agency listed, the various fund types utilized are shown with their Total Requirements (including Operating Transfers Out).

	General Fund	Special Revenue Funds	Capital Project Funds	Enterprise Funds	Internal Service Funds	Contr. To Reserves/Net Position	Total - All Funds
ADMINISTRATION							
BOARD OF SUPERVISORS	7,663,486						7,663,486
BOARD DISCRETIONARY FUNDING	1,555,087						1,555,087
CLERK OF THE BOARD	2,099,466						2,099,466
COUNTY ADMINISTRATIVE OFFICE	5,076,909						5,076,909
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	395,761						395,761
COUNTY COUNSEL	9,654,658						9,654,658
FINANCE AND ADMINISTRATION	3,065,263					7,530	3,072,793
HUMAN RESOURCES	13,554,747	4,511,521					18,066,268
FLEET MANAGEMENT					40,468,867		40,468,867
INFORMATION SERVICES	2,412,145				85,909,655		88,321,800
PURCHASING	2,536,046				11,592,780	22,137	14,150,963
RISK MANAGEMENT					106,296,377	173	106,296,550
LOCAL AGENCY FORMATION COMMISSION	308,741						308,741
COUNTY SCHOOLS	3,195,672						3,195,672
TOTAL ADMINISTRATION	51,517,981	4,511,521	0	0	244,267,679	29,840	300,327,021
CAPITAL FACILITIES LEASES							
CAPITAL FACILITIES LEASES	7,240,810						7,240,810
TOTAL CAPITAL FACILITIES LEASES	7,240,810	0	0	0	0	0	7,240,810
ARROWHEAD REGIONAL MEDICAL CENTER							
ARROWHEAD REGIONAL MEDICAL CENTER*				561,178,244		4,474,167	565,652,411
TOTAL ARROWHEAD REGIONAL MEDICAL CENTER	0	0	0	561,178,244	0	4,474,167	565,652,411
ECONOMIC DEVELOPMENT AGENCY							
ECONOMIC DEVELOPMENT	3,535,436						3,535,436
COMMUNITY DEVELOPMENT AND HOUSING		36,258,817	19,199,727				55,458,544
WORKFORCE DEVELOPMENT		22,993,213				1,393,954	24,387,167
TOTAL ECONOMIC DEVELOPMENT AGENCY	3,535,436	59,252,030	19,199,727	0	0	1,393,954	83,381,147
FISCAL							
ASSESSOR/RECORDER/COUNTY CLERK	23,673,605	4,417,943					28,091,548
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	39,250,013	200,000				37,500	39,487,513
TOTAL FISCAL	62,923,618	4,617,943	0	0	0	37,500	67,579,061
HUMAN SERVICES							
AGING AND ADULT SERVICES	9,450,173						9,450,173
PUBLIC GUARDIAN	1,309,616						1,309,616
BEHAVIORAL HEALTH	223,299,970	223,646,299					446,946,269
CHILD SUPPORT SERVICES	39,889,701						39,889,701
HEALTH ADMINISTRATION	120,371,376	17,000,000				381,156	137,752,532
HUMAN SERVICES	1,112,462,465	11,578,529					1,124,040,994
PRESCHOOL SERVICES		50,690,123					50,690,123
PUBLIC HEALTH	104,535,572	3,926,780				47,302	108,509,654
VETERANS AFFAIRS	2,230,326						2,230,326
TOTAL HUMAN SERVICES	1,613,549,199	306,841,731	0	0	0	428,458	1,920,819,388
LAW AND JUSTICE							
COUNTY TRIAL COURTS	37,731,403	1,884,255				3,135	39,618,793
DISTRICT ATTORNEY	72,918,145	8,883,729					81,801,874
LAW AND JUSTICE GROUP ADMINISTRATION	5,000	1,312,021					1,317,021
PROBATION	153,136,633	15,360,045					168,496,678
PUBLIC DEFENDER	38,520,660						38,520,660
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	584,671,701	20,828,097					605,499,798
TOTAL LAW AND JUSTICE	886,983,542	48,268,147	0	0	0	3,135	935,254,824
OPERATIONS AND COMMUNITY SERVICES							
AGRICULTURE/WEIGHTS AND MEASURES	7,222,637	145,698					7,368,335
AIRPORTS	3,445,895	7,260,685					10,706,580
ARCHITECTURE AND ENGINEERING	0						-
COMMUNITY SERVICES GROUP	274,090						274,090
COUNTY LIBRARY		17,976,016					17,976,016
COUNTY MUSEUM	3,848,945			80,092			3,929,037
LAND USE SERVICES	23,301,652						23,301,652
PUBLIC WORKS	3,281,366	115,550,303		79,966,633		5,168,544	203,966,846
REAL ESTATE SERVICES	41,179,662	2,641,030					43,820,692
REGIONAL PARKS	9,891,178	4,795,381		40,761			14,727,320
REGISTRAR OF VOTERS	9,571,324						9,571,324
TOTAL OPERATIONS AND COMMUNITY SERVICES	102,016,749	148,369,113	0	80,087,486	0	5,168,544	335,641,892
CAPITAL IMPROVEMENT PROGRAM							
CAPITAL IMPROVEMENT PROGRAM			253,156,863				253,156,863
TOTAL CAPITAL IMPROVEMENT PROGRAM	0	0	253,156,863	0	0	0	253,156,863
OTHER FUNDING							
ALL OTHER FUNDING (E.G. COUNTYWIDE DISCRETIONARY, PROP 172, REALIGNMENT)	233,014,838	1,163,625					234,178,463
TOTAL OTHER FUNDING	233,014,838	1,163,625	0	0	0	0	234,178,463
SPECIAL DISTRICTS DEPARTMENT/ AIRPORTS SPECIAL DISTRICT							
SPECIAL DISTRICTS DEPARTMENT/ AIRPORTS SPECIAL DISTRICT		23,751,790	26,013,775	40,940,999		2,516,924	93,223,488
TOTAL SPECIAL DISTRICTS DEPARTMENT/ AIRPORTS SPECIAL DISTRICT	0	23,751,790	26,013,775	40,940,999	0	2,516,924	93,223,488
FIRE PROTECTION DISTRICT							
FIRE PROTECTION DISTRICT		196,020,039				2,220,070	198,240,109
TOTAL FIRE PROTECTION DISTRICT	0	196,020,039	0	0	0	2,220,070	198,240,109
FLOOD CONTROL DISTRICT							
FLOOD CONTROL DISTRICT		99,927,568			3,920,317	0	103,847,885
TOTAL FLOOD CONTROL DISTRICT	0	99,927,568	0	0	3,920,317	0	103,847,885
OTHER AGENCIES							
OTHER AGENCIES		11,933,949		308,007,341		1,518,370	321,459,660
TOTAL OTHER AGENCIES	0	11,933,949	0	308,007,341	0	1,518,370	321,459,660
GRAND TOTAL*	2,960,782,173	904,657,456	298,370,365	990,214,070	248,187,996	17,790,962	5,420,003,022

* Includes Requirements of \$17,324,768 that is budgeted in the Capital Improvement Program budget (Fund CJE).



TOTAL REVENUE AND OTHER FUNDING SOURCES

	Fiscal Year 2014-15 Actual Amount	Fiscal Year 2015-16 Adopted Budget	Fiscal Year 2015-16 Modified Budget	Fiscal Year 2016-17 Recommended Budget	Change From Prior Year	Percent Change From Prior Year
<u>Revenue</u>						
Taxes	798,544,354	792,753,688	804,654,853	853,638,531	48,983,678	6.09%
1991 Realignment	263,855,598	272,517,138	274,217,763	293,883,324	19,665,561	7.17%
2011 Realignment	347,597,438	398,381,791	404,084,631	397,162,639	(6,921,992)	-1.71%
State, Federal or Government Aid	1,578,695,362	1,638,865,645	1,675,441,285	1,801,076,712	125,635,427	7.50%
Fee/Rate	922,847,648	950,085,636	954,772,548	969,470,253	14,697,705	1.54%
Other Revenue	188,240,638	121,546,176	125,255,702	137,072,781	11,817,079	9.43%
Total Revenue	4,099,781,038	4,174,150,075	4,238,426,782	4,452,304,240	213,877,458	5.05%
<u>Other Funding Sources</u>						
Operating Transfers In	377,548,877	421,040,321	487,910,193	482,345,092	(5,565,101)	-1.14%
Use of Fund Balance/Unrestricted Net Position*	(190,623,734)	750,236,072	759,758,160	387,276,955	(372,481,205)	-49.03%
General Fund Unassigned Fund Balance*	(56,913,429)	179,109,752	179,109,752	47,972,619	(131,137,133)	-73.22%
Use of General Fund Reserves	0	2,922,144	26,824,110	50,104,116	23,280,006	86.79%
Total Other Funding Sources	130,011,716	1,353,308,289	1,453,602,215	967,698,782	(485,903,433)	-33.43%
Total Revenue and Other Funding Sources	4,229,792,754	5,527,458,364	5,692,028,997	5,420,003,022	(272,025,975)	-4.78%

* For 2014-15, the two Fund Balance budget line items represent the actual increase to fund balance/net position.

The revenue and other funding sources schedule above includes all County funds. This schedule includes Operating Transfers In, which are the mechanism for providing funding from one budget unit to another within the County. Additionally, this summary schedule provides the use of fund balance/unrestricted net position for all non-general funds, the general fund unassigned fund balance, as well as the use of general fund and non-general fund reserves. Descriptions of major sources of funding in the 2016-17 Recommended Budget and changes from the 2015-16 Modified Budget are included below.

Revenue

Taxes of \$853.6 million consist of approximately \$543.4 million of Property Tax (\$518.6 million) and Sales/Other Taxes (\$24.9 million) that is deposited directly into the Countywide Discretionary General Fund budget unit for allocation by the Board of Supervisors. Additionally, \$134.0 million in Property Tax is reported for the County Library (\$14.7 million), Fire Protection District (\$66.2 million), Flood Control District (\$45.3 million), and Board Governed Districts managed by the Special Districts Department and Airports (\$7.8 million). Finally, Taxes also consist of Proposition 172 Half-Cent Sales Tax (\$169.1 million) and Sales Tax – Measure I Road Operations funds (\$6.6 million).

The net increase of \$49.0 million is primarily related to a \$21.6 million projected increase in taxes that fund Fire Protection Services as a result of the assumption of fire protection services from the City of San Bernardino. The remainder of the increases is primarily the result of projected increases in the taxes that are deposited into the Countywide Discretionary General Fund budget unit. This is the result of a projected 3.5% increase in the assessed valuation of properties within the County resulting in \$16.4 million of additional property tax revenue. Additionally, it is estimated that the Proposition 172 Half-Cent Sales Tax will increase by \$4.3 million in the upcoming fiscal year. For more detail on Discretionary General Fund related taxes, refer to the Discretionary General Funding and Restricted Funds section of the 2016-17 Recommended Budget.

1991 Realignment revenues of \$293.9 million are increasing by \$19.7 million over the prior year while **2011 Realignment** revenues of \$397.2 million are decreasing over the prior year modified budget by \$6.9 million. Although technically not categorized as the receipt of taxes, this funding is received from the State and is primarily derived from sales taxes to pay for realigned law and justice, mental health, social services and health programs within the County. Because sales tax tends to be much more volatile and quicker to react to changes in the economy, its usage results in a higher risk of funding decreases in future years. These decreases will likely



coincide with an economic downturn when there is an increased need for programs funded with this revenue. For more detail on Realignment funding, refer to the Discretionary General Funding and Restricted Funds section of the 2016-17 Recommended Budget.

State, Federal, and Other Government represent the largest revenue source within the County totaling \$1.8 billion. The Human Services operational group receives the largest amount of funds from other governments, with \$410.8 million received from the State and \$650.8 million from the federal government. Countywide, there is an overall increase of \$125.6 million from the prior year modified budget in this revenue category, which represents an increase of 7.5%.

Notable changes within this revenue source include:

- **Human Services** is increasing \$73.9 million primarily due to increases within the Department of Behavioral Health's MHSA (\$42.3 million) and General Fund (\$29.9 million) budgets. Increases in the MHSA budget are primarily the result of increases in MHSA revenue and state SB82 grants approved by the California Health Facilities Financing Authority. Increases in the General Fund are primarily due to increases in Medi-Cal revenue related to program expansion, increased service capacity, and expanded eligibility under the Affordable Care Act (ACA).
- **ARMC** is increasing State, Federal and Other Government revenue by \$28.5 million due to volume increases in acute inpatient, outpatient, and behavioral health units which are funded by a combination of revenue associated with programs such as the state's Managed Care Program and the Federal Medicare program.
- **Operations and Community Services** is increasing this revenue source by \$17.6 million primarily due to increases in the Public Works – Transportation budget unit associated with funding for new construction, reconstruction and routine maintenance of the County's maintained roads and bridges.
- **Other Agencies** are increasing State, Federal and Other Government revenue by \$10.2 million primarily due to increases in financing for HACSB's Capital Fund Program and the Housing Choice Voucher program.

Fee/Rate includes the following types of revenues: licenses, permits, fines, fees, rates, and other services. Total revenue of \$969.5 million is anticipated to increase from the 2015-16 Modified Budget by \$14.7 million. Much of this funding (\$213.0 million) is received by departments, such as the Information Services Department and Risk Management Department that provide direct services to other County Departments. Other notable departments that receive funding to provide specific services include the Sheriff's Department (\$137.6 million), which provides law enforcement services for 14 incorporated county cities, and Public Works Solid Waste Division (\$70.7 million) that is responsible for the operation and management of the County solid waste disposal system.

The most significant change in this category is included in the **Fire Protection District** that is increasing by \$13.4 million including \$7.4 million in new special assessment taxes as a result of the annexation of the City of San Bernardino into Service Zone FP-5 San Bernardino, \$2.1 million in new special assessment taxes from the annexation of Twentynine Palms into Service Zone FP-5 Twentynine Palms, and a \$1.3 million increase from the City of Fontana for additional contract services.

Other Revenue of \$137.1 million primarily includes interest earnings, rents and concessions, and tobacco settlement funds. This revenue source is anticipated to increase by a net \$11.8 million over the prior year modified budget. Notably, the Solid Waste Division is increasing other revenue by \$5.0 million due to a one-time sale of surplus property.

Other Funding Sources

Operating Transfers In of \$482.3 million is a funding source that provides a mechanism to transfer funding from one budget unit to another within the County or other entity. Two of the most notable groups with large Operating Transfers In include the Capital Improvement Program (\$122.8 million) and HACSB (\$181.3 million). Operating Transfers In are the main funding source for the Capital Improvement Program as the program is funded primarily



through monies received from other County Departments and the County General Fund for specific projects. The Operating Transfers In for HACSB reflects the movement of funds within the agency related to the Moving to Work Program.

The net decrease in this funding source of \$5.6 million is primarily the result of one time transfers funded in 2015-16 which are not funded at the same levels in 2016-17.

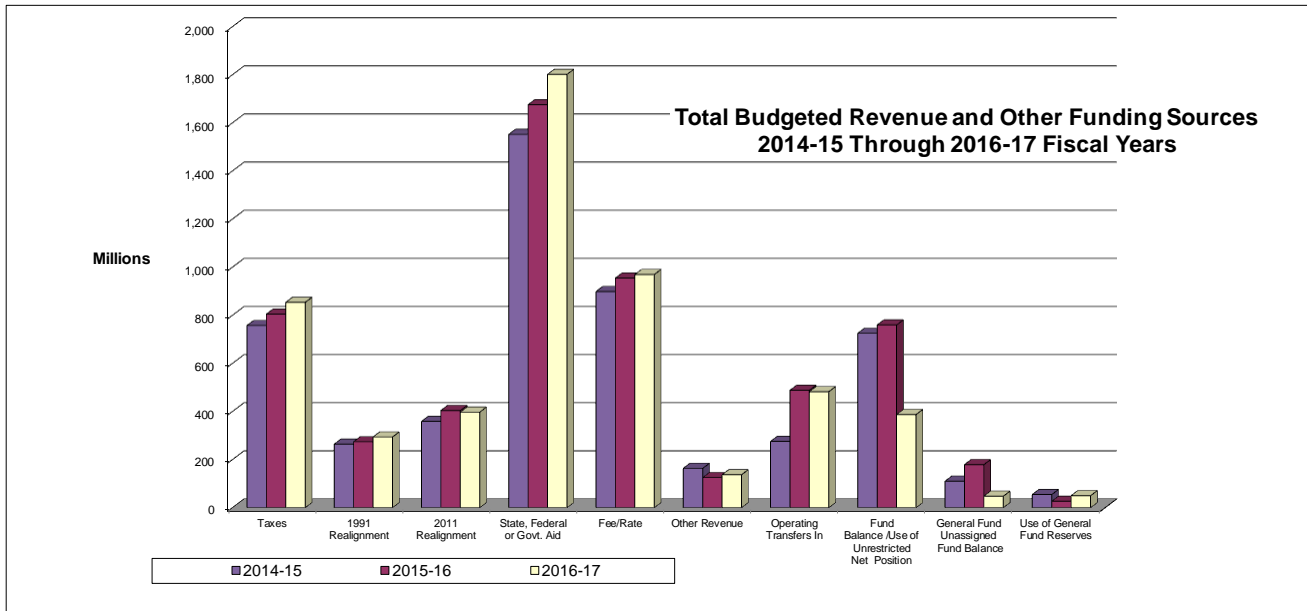
Use of Fund Balance/Unrestricted Net Position of \$387.3 million represents unspent funds carried over from prior years that are available to be budgeted for all Restricted General Funds, Special Revenue Funds, and Capital Project funds in the County and the use of unrestricted net position that is available in Internal Service and Enterprise funds. The use of fund balance/net position is decreasing from the prior year by \$372.5 million primarily due to the one-time use of fund balance in 2015-16 that was contributed to reserves.

General Fund Unassigned Fund Balance of \$48.0 million represents unspent general fund balance carried over from 2015-16. This amount, in conjunction with other one-time money, funds one-time costs for department programs, capital improvement projects, transportation projects, contributions to General Fund Reserves, and also funds the County's mandatory 1.5% contingency, which per Board Policy 05-01 is in the general fund to accommodate unanticipated operational changes, legislative impacts, or other economic events affecting County operations that could not have been reasonably anticipated. General Fund Unassigned Fund Balance is decreasing by \$131.1 million from the prior year, and reflects the estimate of the General Fund results of operations for 2015-16.

Use of General Fund Reserves of \$50.1 million represents the use of General Fund Reserves set aside for the County Permit System Upgrade (\$0.7 million), Give Big (\$0.1 million), the CalFresh Waiver Discontinuance (\$2.5 million), the Rimforest Drainage Project (\$0.7 million), the National Trails Highway (\$3.2 million), Cedar Avenue Interchange (\$0.08 million), Green Tree Blvd Connection (\$0.8 million), ARMC Jail Ward (\$2.5 million), County Buildings and Acquisition Project (\$8.0), Glen Helen Rehabilitation Center SB1022 (\$22.4 million), and Cash Flow Deficit (\$9.1 million). This represents an increase of \$23.3 million from the 2015-16 Modified Budget and is detailed in the Discretionary General Funding and Restricted Funds section of this budget document.



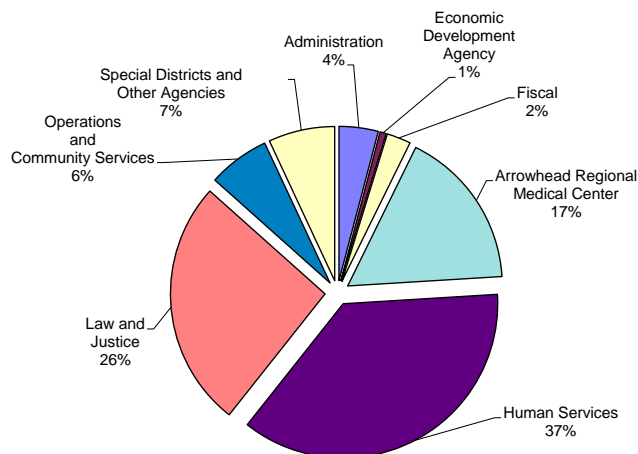
The bar graph below includes total budgeted revenue and other funding sources from the two prior Budgets and the 2016-17 Recommended Budget. 2014-15 amounts will not match previous information on prior pages because the bar graph reports on budgeted revenue and the previous tables reflect actual revenue received.



BUDGETED STAFFING SUMMARY

Budgeted staffing is accounted for using headcount; each position, whether full time or part time, is counted as one. The pie chart below depicts the budgeted staffing by group/agency for the 2016-17 fiscal year. The following bar graph illustrates the budgeted staffing for the 2016-17 fiscal year as well as the prior two fiscal years.

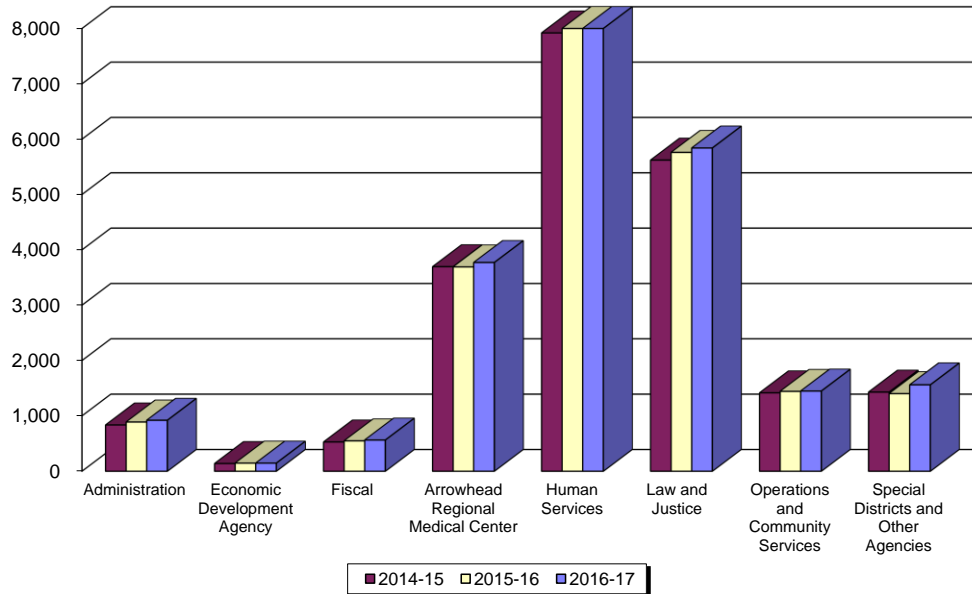
**Budgeted Staffing By Group / Agency
2016-17 Fiscal Year**



Percentages may not add to 100% due to rounding.



Budgeted Staffing By Group / Agency 2014-15 Through 2016-17 Fiscal Years



	2015-16 Modified Budget Staffing	Change from Modified Budget			2016-17 Recommended Budget Staffing	Percentage Change
		Caseload Driven/ Grant or Special Funded Programs	All Other Programs	Total Change		
County - General Fund	14,332	28	65	93	14,425	0.6%
County - Other Funds	6,375	132	1	133	6,508	2.1%
Special Districts and Other Agencies	1,402	159	-	159	1,561	11.3%
Total	22,109	319	66	385	22,494	

Budgeted Staffing for caseload driven/grant, or special revenue funded programs, increased overall by a net 319 positions. Significant changes from the previous year's modified budgeted staffing in caseload driven, grant or special fund programs include the following:

County - General Fund

- **Behavioral Health** is requesting a net budgeted staffing increase of 28 positions between the Behavioral Health and Alcohol and Drug Services budget units. This is primarily to accommodate the expansion of the CHOICE program as well as the Correctional Mental Health Services expansion.
- **Public Health** is requesting a net increase of seven positions to address changes in grant funding, operational needs, quality improvement, equity issues, and to increase efficiency in operations.
- **The Human Services Administrative Claim** is requesting a net decrease of 48 budgeted positions. This includes the addition of 86 positions across its various departments but is offset by the deletion of 134 positions, the majority of which are from the Transitional Assistance Department (131). While a small



increase in TAD funding is anticipated, it is more than offset by increased salary costs and planned one-time expenditures. As a result, the department is requesting the deletion of these vacant positions to reflect anticipated allocations.

- **The District Attorney** is requesting the addition of 20 positions including the addition of one Deputy District Attorney IV to assist the department with increased workload, and 19 extra help positions to provide additional victim/witness services, aid in the department's Cold Case Prosecution Unit, and provide temporary clerical assistance.
- **Probation** is requesting the addition of 11 positions in the Administrative, Corrections and Detentions budget unit including five positions to support the department's Tattoo Removal Program, two Program Specialists to help monitor and evaluate the department's programs and treatments, and four administrative positions to improve management of the department's financial reporting and budget development processes.
- **Sheriff's Department** is requesting an increase of 14 positions in its Detentions unit including the addition of seven positions to meet TB testing requirements at the West Valley Detention Center, three positions to manage the department's inmate health records, and one Sheriff's Nurse Supervisor II to act as the department's Quality Improvement Coordinator to ensure compliance with the National Commission on Correction Health Care Standards.

County - Other Funds

- **Information Services - Computer Operations** is requesting the addition of nine regular positions to address an increased workload related to server management, system support and fiscal/administrative functions.
- **Arrowhead Regional Medical Center** is requesting the addition of a net 80 positions to address the addition of 12 beds in the behavioral health unit, increased staffing in the sterile processing unit, and additional positions tied to achieving goals for the renewed Waiver.
- **The Behavioral Health Mental Health Services Act** budget unit is increasing budgeted staffing by 23 positions. The Community Crisis Response Team (CCRT) is expanding to 24 hour clinical services and additional staffing increases are necessary to provide administrative support and to expand services in other MHSA programs such as the Homeless Outreach Support Team, which provides permanent support housing with wraparound case management.
- **Preschool Services** is requesting to increase budgeted staffing by 11 positions including eight limited term positions that will allow the department to convert staffing at three sites from Head Start to Early Head Start and three regular positions to address the increased demand for health and disability services for both Head Start and Early Head Start children and parents.

Special Districts and Other Agencies

- **Fire Protection District** is recommending an increase of 139 positions primarily as a result of the annexation of fire protection services from the Cities of San Bernardino and Twentynine Palms.

Budgeted staffing for all other programs is increasing by a net 66 budgeted positions. Significant changes from the previous year's modified budgeted staffing in all other programs include the following:

- **Administration** – Excluding the previously mentioned increases in Information Services, budgeted staffing within the Administration Group is increasing by a total of 23 positions. Significant changes within the group include increases in the Board of Supervisors (9), Human Resources (6) and Risk Management (4). The Board of Supervisors is increasing positions to recognize the addition of limited term contract



positions added since the First Quarter Budget Report. Human Resources is requesting to add six positions to improve access to professional guidance and training for Human Resources Officers, to improve the ability for the department to serve as an additional resource to departments and also to support increased workload due to labor negotiations and recruitment. Risk Management is adding four positions to assist with claims handling due to an unexpected increase in claims related to the Waterman Incident, City of San Bernardino Fire annexation to County Fire, and to reduce claims per adjuster ratio.

- **Fiscal** – The Fiscal Group is increasing budgeted staffing by a total of 15 positions primarily due to additions within the Assessor/Recorder/County Clerk (13). The Assessor/Recorder/County Clerk is requesting to increase staffing to adequately address anticipated increases in development, to improve overall operations through reorganization, and to enhance public assistance in the Assessor and Recorder divisions.
- **Law and Justice** – Excluding the previously mentioned increases in the Sheriff's Detentions, District Attorney, and Probation budget units, the Law and Justice Group is adding 35 positions. This primarily includes 31 positions within the Sheriff's Operations budget unit including two Sheriff's Services Specialists to provide evidence handling for Fontana and Big Bear, one Sheriff's pilot for fixed wing operations, one Detective for Terrorism Liaison Officer for Crime Intelligence, four Dispatcher IIs to provide workload relief, 17 Public Service Employees to provide temporary workload relief due to vacancies and three student interns for the Bureau of Administration.
- **Operations and Community Services** – The Operations and Community Services Group is increasing staffing by a net of six positions. Significant changes within this group include a decrease within Regional Parks (10) and increases in Land Use Services (7), Real Estate Services (4) and the County Library (3). Regional Parks is deleting 10 positions which have been vacant for the majority of 2015-16 and have been deemed unnecessary. Land Use is increasing positions across multiple divisions in order to improve the quality and timeliness of services provided. In addition, Real Estate Services is adding a net of four positions to assist with contract administration, project management, and workload relief. The County Library is adding a net three positions to assist with the new Bloomington Library, bookmobile program and to perform analysis of system-wide procedures, branch supervision, program implementation, and budgetary analysis.
- **Other Agencies** are increasing by a net of 14 positions primarily due to an increase of 10 budgeted positions in the In-Home Supportive Services budget unit associated with new responsibilities mandated by state and federal agencies, such as fingerprinting requirements of IHSS Providers and new federal legislation on overtime and services for homecare workers.



Countywide staffing changes are outlined by County department in the following chart:

BUDGETED STAFFING SUMMARY

Department	2014-15 Final Budget	2015-16 Modified Budget	2016-17 Recommended Budget	Change Between 2015-16 & 2016-17
ADMINISTRATION				
<u>GENERAL FUND</u>				
BOARD OF SUPERVISORS	48	51	60	9
CLERK OF THE BOARD	14	13	13	-
COUNTY ADMINISTRATIVE OFFICE	17	17	17	-
COUNTY ADMINISTRATIVE OFFICE - AUTOMATED SYSTEMS DEVELOPMENT	-	12	13	1
COUNTY COUNSEL	86	93	95	2
FINANCE AND ADMINISTRATION	18	20	20	-
HUMAN RESOURCES	79	91	98	7
HUMAN RESOURCES - CENTER FOR EMPLOYEE HEALTH AND WELLNESS	12	12	12	-
INFORMATION SERVICES	13	15	15	-
PURCHASING	23	25	25	-
SUBTOTAL GENERAL FUND	310	349	368	19
<u>OTHER FUNDS</u>				
FLEET MANAGEMENT	87	93	95	2
HUMAN RESOURCES - COMMUTER SERVICES	3	3	4	1
HUMAN RESOURCES - EMPLOYEE BENEFITS AND SERVICES	31	31	29	(2)
INFORMATION SERVICES - APPLICATION DEVELOPMENT	87	88	89	1
INFORMATION SERVICES - COMPUTER OPERATIONS	120	123	132	9
INFORMATION SERVICES - TELECOMMUNICATIONS SERVICES	98	100	100	-
PURCHASING - PRINTING SERVICES	15	16	17	1
PURCHASING - SURPLUS PROPERTY AND STORAGE OPERATIONS	3	4	4	-
PURCHASING - MAIL/COURIER SERVICES	25	24	21	(3)
RISK MANAGEMENT - OPERATIONS	57	58	62	4
SUBTOTAL OTHER FUNDS	526	540	553	13
TOTAL ADMINISTRATION	836	889	921	32
ARROWHEAD REGIONAL MEDICAL CENTER				
<u>OTHER FUNDS</u>				
ARROWHEAD REGIONAL MEDICAL CENTER	3,696	3,692	3,772	80
TOTAL ARROWHEAD REGIONAL MEDICAL CENTER	3,696	3,692	3,772	80
ECONOMIC DEVELOPMENT AGENCY				
<u>GENERAL FUND</u>				
ECONOMIC DEVELOPMENT	10	12	10	(2)
<u>OTHER FUNDS</u>				
COMMUNITY DEVELOPMENT AND HOUSING	24	26	24	(2)
WORKFORCE DEVELOPMENT	105	109	113	4
SUBTOTAL OTHER FUNDS	129	135	137	2
TOTAL ECONOMIC DEVELOPMENT AGENCY	139	147	147	-



BUDGETED STAFFING SUMMARY

Department	2014-15 Final Budget	2015-16 Modified Budget	2016-17 Recommended Budget	Change Between 2015-16 & 2016-17
FISCAL				
<u>GENERAL FUND</u>				
ASSESSOR/RECORDER/COUNTY CLERK	222	224	237	13
AUDITOR-CONTROLLER/TREASURER/TAX COLLECTOR	297	315	317	2
SUBTOTAL GENERAL FUND	519	539	554	15
<u>OTHER FUNDS</u>				
ASSESSOR/RECORDER/COUNTY CLERK - SPECIAL REVENUE FUNDS	10	10	10	-
SUBTOTAL OTHER FUNDS	10	10	10	-
TOTAL FISCAL	529	549	564	15
HUMAN SERVICES				
<u>GENERAL FUND</u>				
AGING AND ADULT SERVICES - AGING PROGRAMS	38	40	40	-
AGING AND ADULT SERVICES - PUBLIC GUARDIAN - CONSERVATOR	19	21	21	-
CHILD SUPPORT SERVICES	431	428	424	(4)
HEALTH ADMINISTRATION	1	1	1	-
BEHAVIORAL HEALTH	513	584	610	26
BEHAVIORAL HEALTH - ALCOHOL AND DRUG	75	90	92	2
PUBLIC HEALTH	715	736	743	7
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	174	179	179	-
HUMAN SERVICES - ADMINISTRATIVE CLAIM	4,707	4,854	4,806	(48)
VETERANS AFFAIRS	22	26	22	(4)
SUBTOTAL GENERAL FUND	6,695	6,959	6,938	(21)
<u>OTHER FUNDS</u>				
HUMAN SERVICES - WRAPAROUND REINVESTMENT FUND	1	-	-	-
BEHAVIORAL HEALTH - MENTAL HEALTH SERVICE ACT	517	567	590	23
PRESCHOOL SERVICES	707	700	711	11
SUBTOTAL OTHER FUNDS	1,225	1,267	1,301	34
TOTAL HUMAN SERVICES	7,920	8,226	8,239	13
LAW AND JUSTICE				
<u>GENERAL FUND</u>				
DISTRICT ATTORNEY - CRIMINAL PROSECUTION	503	511	531	20
LAW AND JUSTICE GROUP ADMINISTRATION	1	1	1	-
PROBATION - ADMINISTRATION, CORRECTIONS & DETENTION	1,183	1,238	1,249	11
PROBATION - JUVENILE JUSTICE GRANT PROGRAM	39	47	46	(1)
PUBLIC DEFENDER	247	262	267	5
SHERIFF/CORONER/PUBLIC ADMINISTRATOR	1,698	1,701	1,732	31
SHERIFF - DETENTIONS	1,373	1,419	1,433	14
SHERIFF - LAW ENFORCEMENT CONTRACTS	578	582	582	-
SUBTOTAL GENERAL FUND	5,622	5,761	5,841	80
<u>OTHER FUNDS</u>				
SHERIFF/CORONER/PUBLIC ADMINISTRATOR - PUBLIC GATHERINGS	-	-	-	-
SUBTOTAL OTHER FUNDS	-	-	-	-
TOTAL LAW AND JUSTICE	5,622	5,761	5,841	80



BUDGETED STAFFING SUMMARY

Department	2014-15 Final Budget	2015-16 Modified Budget	2016-17 Recommended Budget	Change Between 2015-16 & 2016-17
OPERATIONS AND COMMUNITY SERVICES				
<u>GENERAL FUND</u>				
AGRICULTURE/WEIGHTS AND MEASURES	64	64	65	1
AIRPORTS	20	20	20	-
COMMUNITY SERVICES GROUP	-	1	1	-
COUNTY MUSEUM	21	22	22	-
LAND USE SERVICES - ADMINISTRATION	36	38	40	2
LAND USE SERVICES - LAND DEVELOPMENT	8	8	8	-
LAND USE SERVICES - PLANNING	31	31	29	(2)
LAND USE SERVICES - BUILDING AND SAFETY	23	21	23	2
LAND USE SERVICES - CODE ENFORCEMENT	30	33	35	2
LAND USE SERVICES - FIRE HAZARD ABATEMENT	17	14	17	3
PUBLIC WORKS - SURVEYOR	25	23	23	-
REAL ESTATE SERVICES (RES)	26	24	24	-
RES - PROJECT MANAGEMENT DIVISION	22	22	24	2
RES - FACILITIES MANAGEMENT DIVISION	102	111	113	2
RES - UTILITIES	2	2	2	-
REGIONAL PARKS	232	205	195	(10)
REGISTRAR OF VOTERS	37	73	73	-
SUBTOTAL GENERAL FUND	696	712	714	2
<u>OTHER FUNDS</u>				
COUNTY LIBRARY	291	295	298	3
COUNTY MUSEUM - MUSEUM STORE	2	3	3	-
PUBLIC WORKS - TRANSPORTATION - ROAD OPERATIONS	341	341	343	2
PUBLIC WORKS - SOLID WASTE MANAGEMENT - OPERATIONS	83	86	87	1
REGIONAL PARKS - ENTERPRISE FUNDS	4	6	4	(2)
REGIONAL PARKS - SPECIAL REVENUE FUNDS	-	-	-	-
SUBTOTAL OTHER FUNDS	721	731	735	4
TOTAL OPERATIONS AND COMMUNITY SERVICES	1,417	1,443	1,449	6
TOTAL COUNTY DEPARTMENTS - GENERAL FUND	13,852	14,332	14,425	93
TOTAL COUNTY DEPARTMENTS - OTHER FUNDS	6,307	6,375	6,508	133
COUNTY DEPARTMENTS GRAND TOTAL	20,159	20,707	20,933	226
SPECIAL DISTRICTS AND OTHER AGENCIES				
<u>OTHER FUNDS</u>				
SPECIAL DISTRICTS DEPARTMENT	188	182	184	2
FIRE PROTECTION DISTRICT	911	878	1,017	139
FLOOD CONTROL DISTRICT	162	166	170	4
OTHER AGENCIES	169	176	190	14
SUBTOTAL OTHER FUNDS	1,430	1,402	1,561	159
TOTAL SPECIAL DISTRICTS AND OTHER AGENCIES	1,430	1,402	1,561	159
TOTAL ALL COUNTY ENTITIES	21,589	22,109	22,494	385



CAPITAL IMPROVEMENT PROGRAM

The County budget summary includes Requirements for Capital Improvement Projects. Below find summary information on the types and costs of projects budgeted in 2016-17.

Projects Administered by Real Estate Services Department – Project Management Division

CAPITAL PROJECTS FUNDS SUMMARY

	Fund CJP	Fund CJV	Sub-Total	ARMC Capital Fund CJE	Total
Requirements					
Land	2,223,801		2,223,801		2,223,801
Improvements to Land	16,594,057		16,594,057	1,580,165	18,174,222
Structures and Improvements	257,412,641	931,224	258,343,865	15,744,603	274,088,468
Salaries and Benefits Transfers Out	4,793		4,793		4,793
Fixed Assets Transfers Out	707,931		707,931		707,931
<i>Total Requirements</i>	<u>276,943,223</u>	<u>931,224</u>	<u>277,874,447</u>	<u>17,324,768</u>	<u>295,199,215</u>

In August 2015, County departments were requested to provide a five-year projection of their capital requirements. The 2016-2021 5-Year Capital Improvement Program Plan was completed in December 2015. That document included information on Major Capital Improvements that are currently in progress, and projects proposed by County departments and Special Districts to commence within the next five years. It is intended to be a tool for management and the Board to prioritize capital needs, develop funding plans, and stay informed about the progress of multi-year projects. Departments request funding for these capital improvement projects as part of the budget process, when they submit a request for funding consideration to the Real Estate Services Department. Requests can also be submitted mid-year, if necessary, with any required budget adjustments made on quarterly budget reports.

The Real Estate Services Department – Project Management Division (RES-PMD) manages major county projects which include construction and rehabilitation of facilities, and repair projects. The 2016-17 budgets for these projects are summarized in the schedule above. The schedule above does not include Operating Transfers Out or Reimbursements as part of total Requirements. Instead, the schedule represents total budgeted project costs.

RES-PMD projects include \$277.9 million in projects managed through Capital Funds and \$17.3 million in projects managed through Arrowhead Regional Medical Center Enterprise Funds, for a total project budget of \$295.2 million.

The 2016-17 Recommended Budget includes \$128.2 million in new project funding. This includes \$57.7 million in projects funded with Discretionary General Funding. Discretionary General Funding allocations include 800MHz Upgrade Project (\$17.9 million) the County Buildings Acquisition and Retrofit Project (\$8.0 million), various Sheriff facility improvements (\$12.2 million) and the ARMC Jail Ward project (\$2.5 million). Additionally \$12.0 million in new project funding is allocated to non-major CIP and maintenance projects.

Projects approved in prior years but not yet completed have carryover balances of \$167.0 million. The major multi-year projects with carryover balances are the 800 MHz Upgrade Project, the County Buildings Acquisition and Retrofit Project, and the Sheriff's Aviation Relocation from Rialto Airport to San Bernardino International Airport.



For a complete listing of capital improvement program highlights for projects administered by the Real Estate Services Department – Project Management Division see the Capital Improvement Program Section of this budget book.

Projects Administered by Other County Departments

Transportation and Solid Waste projects are administered by the Department of Public Works. Requirements for these projects are accounted for in special revenue and enterprise funds and budgeted in the respective department(s) budgets. Budgets for both the Transportation and Solid Waste departments are found in the Operations and Community Services section of this budget book. Total projects budgeted in 2016-17 (both new and carryover) for Transportation is \$66.5 million, and for Solid Waste is \$10.1 million. Transportation project types include major rehabilitation and overlay, surface chip and seal, and major infrastructure improvements. Solid Waste Management project types include closure construction, liner construction, land acquisition, and construction of landfill gas extraction systems.

Also reflected in the Capital Improvement Program are \$0.4 million in Requirements for minor projects which are administered by various departments with oversight and inspection provided by RES-PMD. In 2016-17, this includes Airports (\$0.3 million), CONFIRE (\$45,000), and Public Works (\$60,000).

For a complete listing of capital improvement program highlights for projects administered by other county departments see the Capital Improvement Program Section of this budget book.

Projects Administered by Flood Control and Special Districts Department

The Flood Control District and the Special Districts Department have independent multi-year capital improvement project plans that are budgeted in special revenue funds, capital projects funds, and enterprise funds and are included in the respective department's budget pages.

Flood Control, found in the Operations and Community Services section of this budget book, has twenty-five major improvement projects budgeted in 2016-17. Requirements for these projects (both new and carryover) total \$37.6 million and includes right-of-way acquisition expenses, consultants for design or geotechnical services, labor, and construction costs.

Special Districts Department capital projects are found in the Special Districts Department section of this budget book, in the Capital Improvement Program pages. In 2016-17, Requirements for these projects (both new and carryover) total \$45.3 million. Requirements include \$8.9 million for the design and construction of a new Big Bear Alpine Zoo, \$8.5 million for Lake Gregory Dam rehabilitation, \$5.4 million for the Snow Drop Road Project and \$5.3 million for the CSA 70 Pioneertown Offsite Pipeline Supply project.

